



CALPINE

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February 18, 2004

Mr. Robert Schroeder, Chair  
Minnesota Environmental Quality Board  
658 Cedar Street, Room 300  
St. Paul, MN 55155

**Re: Docket Nos. 04-76-PPS CALPINE and 04-77-PRP CALPINE  
Alternative Review Process for a Site Permit Application for the  
Mankato Energy Center Combined Cycle Natural Gas Power Plant and a  
Route Permit Application for the Associated Natural Gas Pipeline**

Dear Mr. Schroeder:

Mankato Energy Center, LLC (Mankato Energy), a wholly owned subsidiary of Calpine Corporation, submits this letter, in accordance with the requirements specified in Minnesota Rule 4400.2000, Subp. 2, to notify the Minnesota Environmental Quality Board (EQB) of our intent to submit an application for a Site Permit for the proposed Mankato Energy Center to be located near Mankato, Minnesota. The Mankato Energy Center will consist of two combined cycle combustion turbines equipped with supplemental duct firing, two heat recovery steam generators, and a single steam turbine generator (the Project). The maximum generating capacity of the Project will be 655 megawatts at summer ambient conditions. The primary fuel will be natural gas. Low sulfur distillate oil will be fired for up to 875 hours per year to ensure uninterrupted operation of the Project.

Mankato Energy requests processing of the application using the alternative review procedures provided for in Minnesota Rules 4400.2000 to 4400.2950. Under a separate filing, Mankato Energy will also be filing an application with the EQB for a Route Permit for the associated natural gas pipeline under the alternative partial exemption process specified in Minnesota Rules 4415.0035.

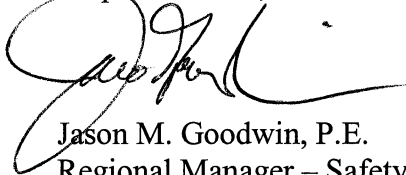
Mankato Energy also be submitting an application to the Minnesota Public Utilities Commission for a Certificate of Need (CON) for the portion of the Project that is not already statutorily exempt from the CON process pursuant to Minn. Stat. §§ 216B.243; 216B.2422, subd. 5(c). We understand that the EQB's new rules relating to environmental review at the CON stage, which require the EQB to prepare an environmental report, have been adopted. The new rules also provide for the consolidation of public hearings and environmental review for both the CON and the Site Permit. Mankato Energy believes this Project lends itself to that approach, and we request that the EQB pursue consolidation. The Route Permit will be submitted at a later date and may possibly require its own hearing so as not to delay issuance of the Site Permit.

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In order to meet our contractual obligations to provide electrical power to Xcel Energy by June 2006, construction of the Project must begin this fall. We have had discussions with your staff about the feasibility of working through the permitting process in time to meet the construction schedule. We appreciate their willingness to work with us and to coordinate their efforts with the Public Utilities Commission, the Department of Commerce, and the Minnesota Pollution Control Agency to process our application as quickly and efficiently as possible.

We look forward to working with you and your staff in the coming months. Please contact me by phone at 832.476.4463 or by email at [jgoodwin@calpine.com](mailto:jgoodwin@calpine.com) if you have any questions or require additional information.

Sincerely,  
Calpine Central, L.P.



Jason M. Goodwin, P.E.  
Regional Manager – Safety, Health & Environmental  
Midwest Power Region  
On Behalf of Mankato Energy Center, LLC

c: George Johnson - Minnesota EQB  
Jon Sandstedt – Wenck & Associates  
Andy Brown – Dorsey & Whitney